DMEA Form 1

DEFENSE MINERALS EXPLORATION ADMINISTRATION
Control Slip

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DMEA Docket No. 4457

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To:	Oper Com	Date	9-24-56
To:	Com	Date	9-24-56
To:	Mt 7	Date	9-24-56
To:	Oper Com	Date	12-3-56
To:	F.E. Johnson	Date	12-3-56
To:		Date	
To:		Date	
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CONTROLLED DOCUMENT

Docket Copy
Surname:
Hopkins
Houk
Kiilsgaard
Pache
Selfridge

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C. 600

DEC - 3 1956

Southern Mineral Development Co., Inc.
Box 847
Spruce Pine, North Carolina

Re: Docket No. DMEA-4457-Mica
Southern Mineral Development
Co., Inc.
Billy Mine
Mitchell County, North Carolina

Gentlemen:

Your application for aid for an exploration project and other reports available to us in Washington relating to the subject property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information indicates to us that the probability of disclosing significant reserves of mica is not sufficiently promising to justify Government participation. We regret to advise you, under these circumstances, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

Sincerely yours,

Frank E. Johnson (for)

ACTING Administrator

JHopkins:gad 11/30/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

A.G.H.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

November 30, 1956

Memorandum

To: Administrator

From: L. G. Houk, Chief, Nonmetallic Minerals Division

Subject: A denial of application for exploration assistance and summary report.

By: James Hopkins

1. Docket No. DMEA-4457-Mica
Property: Billy Mine, Mitchell County, North Carolina
Applicant: Southern Mineral Development Co., Inc.
Box 847, Spruce Pine, North Carolina
Application: Dated August 28, 1956.
Proposes:

8 hours bulldozing access road @ $10.00	$80.00
15 hours bulldozing overburden at site @ $10.00	150.00
70 feet of shaft @ $50.00	3,500.00
60 feet of drift @ $35.00	2,100.00
Total estimated cost	$5,830.00

2. Contract: None - Application denied.

3. Comments:

Geology:

An unzoned pegmatite four feet thick is exposed in a six-foot pit in hard rock. It is barren of muscovite except for a few scattered crystals of stained ruby muscovite. The crystals were one-half to one inch wide and partly intergrown with biotite.

Mineralogically it is composed of perthite and plagioclase in a ratio of 1:1. Some four inch crystals of perthite occur at random with some disseminated quartz and plagioclase.

The country rock is a feldspathic biotite gneiss.

1. The field examiners conclude that there appears to be too much potash feldspar in a poor environment for the occurrence of strategic mica and,

2. The pegmatite contains only a small amount of small stained muscovite, some of which is intergrown with biotite.

The Field Team, therefore, recommends denial of the application.

The Nonmetallic Minerals Division and the Commodity Divisions of the Geological Survey and the Bureau of Mines concur in the recommendation.

James Hopkins
Nonmetallic Minerals Division

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

RECEIVED
NOV 29 1956
D.M.E.A.

November 28, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: W. F. Dietrich, Chief
Branch of Ceramic and Fertilizer Materials

Subject: DMEA- 4457 (mica)

Applicant: Southern Mineral Development Co.

Name and Location of Property: Billy Mine
Mitchell Co., North Carolina

Date of Field Team Report: November 20, 1956

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: November 26, 1956

Field Team Recommendation: Recommend denial of application.

Comments:

1. Only a little non-strategic, small-sized mica was observed.

2. Sufficient work has been done to indicate the pegmatite is not suitable for producing large quantities of strategic mica.

Recommendation:

I concur with the recommendation of the field team for denial.

W. F. Dietrich

W. F. Dietrich

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

IN REPLY REFER TO:

RECEIVED NOV 27 1956 D.M.E.A.

November 26, 1956

Re: DMEA 4457
Southern Development Co.
Billy Mine
Mitchell County, N. C.
$5,830.00 - Mica

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team Report

The applicant requested assistance in exploring a pegmatite, exposed in a shallow pit, by bulldozing, shaft sinking, and drifting.

The examiners found the pegmatite to be essentially barren of strategic mica, mineralogically of unfavorable appearance, and the environment poor for the occurrence of strategic muscovite.

The examiners and the Field Team recommend that the application be denied.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
ROOM 1 POST OFFICE BLDG.
KNOXVILLE 2, TENNESSEE

RECEIVED NOV 23 1956

November 20, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V - Knoxville, Tenn.

Subject: Examination Report - DMEA-4457 (mica) Billy Mine
Mitchell County, N.C.
Southern Mineral Development Co., Applicant
Spruce Pine, N.C.

Transmitted are four copies of the subject examination report. The Field Team concurs with the Field Examiners that this application should be denied.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch
V. J. LYNCH
MEMBER, BUREAU OF MINES

Reviewed by
DMEA OPERATING COMMITTEE
11-26-56
(Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXAMINATION REPORT, REGION V

ON

DMEA-4457, BILLY MINE, mica
Mitchell County, N. C.

By

A. R. Taylor, Geologist
U. S. Geological Survey

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

Examined
October 16, 1956

Reviewed by
DMEA OPERATING COMMITTEE
11-26-56
(date)

FIELD EXAMINATION REPORT

ON

DMEA-4457, BILLY MINE - Mica
Mitchell County, N.C.

Applicant: Southern Mineral Development Co., Inc. P.O. Box 847, Spruce Pine, North Carolina

Summary

An unzoned pegmatite 4 feet thick containing small stained ruby muscovite is exposed in a shallow pit. No exploration appears warranted because of the scarcity and non-strategic quality of the muscovite. It is recommended that the application be denied.

Introduction

Location

The Billy mine is 5.93 airline miles N 40° E of Micaville, North Carolina and about .1 mile N of the Frank Prospect in a small stream valley (Micaville, N.C., TVA. Quad. 209-NW, 1/24,000.

Examination

One hour was spent on the examination October 16, 1956. The Field Examiners were accompanied by Mr. Arthur Wells and Mr. Robert Maclay, Geologist, U. S. Geological Survey.

No facilities or equipment is present at the site.

Geology

An unzoned pegmatite, 4 feet thick, is exposed in a shallow (6 -ft) pit in hard rock in the edge of a small stream. The dike is relatively barren of muscovite, except for a few scattered crystals of stained ruby muscovite. The crystals observed were 1/2 inch to 1 inch wide and partly intergrown with biotite.

Mineralogically the pegmatite is composed of evenly disseminated and uniformily small (mode 1") crystals of perthite and plagioclase in a ratio of 1:1. Some 4-inch perthite crystals occur at random with some disseminated quartz and plagioclase.

The attitude of the hanging wall contact with the feldspathic-biotite gneiss country rock is N 75° W, 45° SW, while that of the footwall is N 75°, 55° SW.

Conclusions

It is recommended that the application be denied because:

1. the pegmatite appears to have too much potash feldspar in what is considered to be a poor environment for the occurrence of strategic muscovite, and

2. the pegmatite contains only a small amount of small stained muscovite, some of which is intergrown with biotite.

A. R. Taylor, Geologist
U. S. G. S.

L. E. Shirley, Mining Engineer
U. S. B. M.

Examined October 16, 1956.

z

Docket Copy
Surname:
Hopkins
Laurence
Selfridge
Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

SEP 24 1956

Mr. Robert A. Laurence
Executive Officer, DMEA
Field Team, Region V
Room 13, Post Office Bldg.
Knoxville 2, Tennessee

Subject: Docket No. DMEA-4457-Mica
Southern Mineral Development Co., Inc.
Billy Mine
Mitchell County, North Carolina

Dear Mr. Laurence:

Please review the subject application and arrange for a field examination if you deem it necessary.

Copies of memoranda dated September 11 and 20, 1956, by Mr. W. E. Nelson, USGS, and Mr. W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (24/B)

Approved:

Frank D. Lamb (24/B)
Member, Bureau of Mines

Thor H. Kiilsgaard (24/B)
Member, Geological Survey

Enclosures 4

JHopkins:gad 9/24/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.4.4c

Docket Copy
Surname:
Hopkins
Anderson
Kiilsgaard
Lamb
Lehbridge
F E Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

SEP 24 1956

Southern Mineral Development Co., Inc.
Box 847
Spruce Pine, North Carolina

Re: Docket No. DMEA-4457-Mica
Southern Mineral Development
Co., Inc.
Billy Mine
Mitchell County, North Carolina

Gentlemen:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville 2, Tennessee, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance you may give the members of the Field Team during the examination will be appreciated.

Sincerely yours,

B. O. Mittendorf
Administrator

JHopkins:gad 9/24/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.L.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

September 20, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: W. F. Dietrich, Chief
Branch of Ceramic and Fertilizer Materials

Subject: DMEA-4457 (mica)

Applicant: Southern Mineral Development Co., Inc.

Name and Location of Property: Billy Mine, Mitchell County, N. C.

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 9/10/56

Comments:

1. This is a new prospect and no data available in this office on this property.

2. Recent bulldozing has exposed a 6-foot thick pegmatite.

3. This deposit appears to have possibilities for the development of strategic mica.

Recommendation:

It is recommended that the field team visit this mine when in that vicinity to ascertain if an exploration project is justified. If so, the field team and applicant should agree on a definite plan of exploration on a unit-cost basis.

W. F. Dietrich

W. F. Dietrich

Attachment

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1-1 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

RECEIVED
SEP 14 1956

September 12, 1956

Memorandum

To: Operating Committee, DMEA, Washington, D. C.

From: Executive Officer, DMEA Field Team, Region V

Subject: Southern Mineral Development Co., Inc.
Docket Nos. DMEA-445 and DMEA-447 (Mica)

Enclosed are the original and two copies each of a letter and map submitted by the Applicant in response to my letter of September 5 requesting tie-ins for the two lease areas.

Robert A. Laurence

RAL/mg
Enclosures 3
cc
Oper. Comm. (2)
Lynch
File

SOUTHERN MINERAL DEVELOPMENT CO.
INCORPORATED

Box 526
CLARKSVILLE, TENNESSEE

ADDRESS REPLY TO:
Box 847
SPRUCE PINE, NORTH CAROLINA

September 10, 1956

DMEA 4454
" 4457

Mr. Robert A. Laurence
Executive Officer, DMEA
Room 13, Post Office Building
Knoxville 2, Tennessee

Dear Mr. Laurence:

In accordance with your letter of September 5th, enclosed is a rough sketch showing the approximate sites of the Billy Mine and Frank Prospect, and the relationship of the lease areas.

Tie-ins for the respective leases are as follows:

BILLY MINE: Center stake is 630' N.W. of point where branch crosses pasture fence line. This point has been marked with an iron stake.

FRANK PROSPECT: Center stake is 325' N.N.E. of S.E. corner of lake.

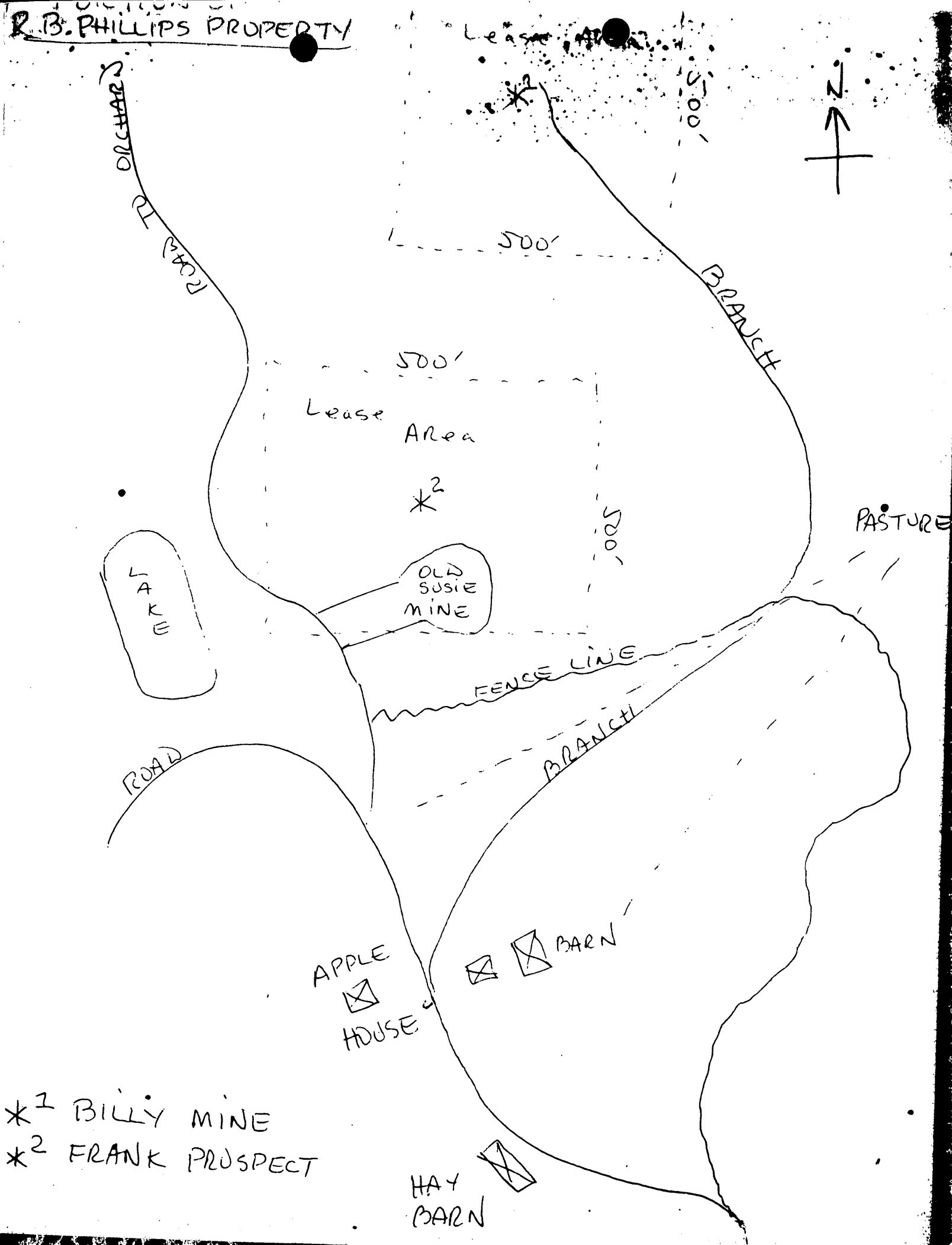
I shall be glad to supply any additional information that may be needed.

Sincerely yours,

Arthur M. Wells
Secretary-Treasurer

RECEIVED
SEP 12 1956
U. S. Geological Survey
Geologic Division
Knoxville, Tenn.

R.B. PHILLIPS PROPERTY



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
SEP 12 1956

September 11, 1956

Re: DMEA 4457
Southern Mineral Development Co.,
Billy Mine
Mitchell Co., N. C.
$5,830 - Mica

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in exploring another pegmatite on land near, perhaps adjoining, that covered by application DMEA 4454.

As in the other case the work proposed includes bulldozing, a shaft and drifting.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

RECEIVED
SEP - 7 1956

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/ Beginning on an iron state at the center of what is known as the Billy Mine and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property lying approximately 1½ miles West of Bedger, in Mitchell County, N.C.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 28th day of August, 1956.

R. B. Phillips [Seal] Bakersville, N.C. [Address]
R. B. Phillips

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____
[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

RECEIVED
SEP - 7 1956

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/ Beginning on an iron state at the center of what is known as the Billy Mine and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property lying approximately 1½ miles West of Ledger, in Mitchell County, N.C.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 28th day of August, 1956.

R B Phillips [Seal] Bakersville, N.C. [Address]
R. B. Phillips

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____
[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

RECEIVED
SEP - 7 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of _____, State of _____, described as follows: 2/ _____

_____,

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

_____

_____

_____

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this _____ day of _____, 195_.

R. B. Phillips _____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

RECEIVED
SEP - 7 1956

To the United States of America:

Referring to that certain land in the County of _____, State of _____, described as follows: 2/ _____

_____,
which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

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_____

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this _____ day of _____, 195_.

R B Phillips _____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

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SEP - 7 1956

To the United States of America:

Referring to that certain land in the County of [redacted], State of [redacted], described as follows: 2/ [redacted]

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

[redacted]

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this _____ day of _____, 195_.

R B Phillips [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

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SEP - 7 1956

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/ Beginning on an iron stake at the center of what is known as the Dilly Mine and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property lying approximately 1½ miles West of Bedger, in Mitchell County, N.C.

_____,
which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 28th day of August, 1956.

R B Phillips [Seal] Dobersville, N.C. [Address]
R. B. Phillips

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____
[Corporate Seal]

September 10, 1956

Southern Mineral Development Co, Inc.
P. O. Box 817
Spruce Pine, N. C.

Subject: DMEA-4457
Re: Exploration Assistance
Billy Mine

Gentlemen

The receipt of your application dated August 28, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4457 and referred to the Nonmetallic Minerals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Allen S. Dakan
~~Robert E. Adams~~ Chief
Operations Control and
Statistics Division

September 10, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region V

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region V.

DMEA

-4457 Southern Mineral Development Co., Inc.
Billy Mine

Robert E. Adams
Chief, Operation's Control
and Statistics Division

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM 1 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

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September 5, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville, Tenn.

Subject: Application from Southern Mineral Development Co., Inc.
Billy Mine, Mitchell County, N. C. (mica)

Enclosed are 3 copies of the subject application, accompanied by six signed copies of the Consent to Lien, three copies of the lease, and three copies of my letter to the Applicant. The fourth copy is being retained for our use.

Robert A. Laurence

Robert A. Laurence

SEP - 7 1956

September 5, 1956

Mr. Arthur M. Wells, Sec'y & Treas
Southern Mineral Development Co., Inc.
P.O. Box 847
Spruce Pine, North Carolina

Dear Mr. Wells:

Your applications for aid in exploration for strategic mica at the Billy Mine and the Frank Prospect, in Mitchell County, North Carolina have been forwarded to our Washington office, in accordance with established procedure.

As these two prospects appear to be on the same property, it will aid in processing the applications if you will submit a map showing the relation of the two prospects and their respective lease areas to each other. Also, the legal descriptions are inadequate, as the beginning iron stake of each is not tied to any permanent landmark. Please submit a tie-in (distance, and magnetic bearing in degrees) from the iron stake to such a permanent landmark for each property.

Very truly yours,

Robert A. Lawrence
Executive Officer, DMA
Region V

RAL/am
cc:
Opr. Cos.6
Lynch
Shirley
Files

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

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APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. 4457
Metal or Mineral Mica
Date Received 9-7-56
Estimated Cost $5830
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Southern Mineral Development Company, Inc.
Box 847, Spruce Pine, N.C.

Corporation - Tennessee

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers. See sheet

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Legal description given on attached lease.

(*b*) State any mine name by which the property is known. "Billy Mine"

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Lessee

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property. Lease attached.

(*e*) If you own the land, describe any liens or encumbrances on it Not owner of land

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. None.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes. See sheet.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and reference points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

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SEP 4 - 1956
U. S. Geologic Survey
Knoxville, Tenn.

16—66551-1

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Mica

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See sheet.

(*c*) The work will start within 30 days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. See sheet.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project. See sheet.

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes. Will furnish required 25 %.

(*b*) How do you propose to furnish your share of the costs?

[X] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated August 28, 1956, 1956

Southern Mineral Development Co., Inc.
(Applicant)

By Arthur M. Wells

Secretary-Treasurer

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

SOUTHERN MINERAL DEVELOPMENT CO.
INCORPORATED

RECEIVED
SEP - 7 1956

ADDRESS REPLY TO:

Box 526
CLARKSVILLE, TENNESSEE

Box 847
SPRUCE PINE, NORTH CAROLINA

MF-103 (continuation sheet)

1. (c) John H. Ledbetter, Pres.
Buford B. Ledbetter, Vice-Pres. & Gen. Mgr.
Arthur M. Wells, Secretary-Treasurer and Supt.

4. (a) This prospct has not been previously mined. We have cleared off overburden and exposed the vein for a distance of approximately 8 feet. Two shots were put into the vein at this site to a depth of about 4 feet. The freshly exposed pegmatite looks encouraging in its composition and has revealed some small mica of strategic quality. In our estimation the overall appearance warrants further exploration and assistance by the DMEA. This mine is easilly accessible for examination purposes.

(b) No production as yet.

(c) Appearance of pegmatite is good. Pegmatite is approximately 6 feet in width with wall rock visible on both sides. Composition of pegmatite is feldspar, quartz, and muscovite with occassional traces of biotite.

(d) Project is accessible to roads and shipping and needs only about 8 hours bulldozing to provide road directly to mine.

(e) Manpower, materials, supplies and equipment are available; power is within 500 yards.

5. (b) We propose to bulldoze 8 hours on access road, bulldoze off overburden in 15 hours, lower a 5 x 7 ft. shaft 70'; then drift 60 feet with vein.

6. <u>Estimate of costs</u>:

8 hours Bulldozing access road @ 10.00 hr.....	$ 80.00
15 hours Bulldozing overburden at site	150.00
70 feet 5x7 shaft @ $ 50.00 per ft.	3500.00
60 feet 5x7 drift @ $ 35.00 per ft.	2100.00
Total estimated cost of project	$ 5830.00

SOUTHERN MINERAL DEVELOPMENT CO.
INCORPORATED

ADDRESS REPLY TO:

Box 526
CLARKSVILLE, TENNESSEE

Box 847
SPRUCE PINE, NORTH CAROLINA

Mr. Arthur M. Wells, Sec.-Treas. for the Southern Mineral Development Company, Inc. is their Superintendent as well. He will supervise the work on the Billy Mine. Below is a personal sketch on Mr. Wells:

Born: 1924, in New York.

Attended High School and graduated; Chattanooga, Tenn. 1941

Honorable Discharge from U.S. Army - Served 1943 to 1946.

Received B.S. Degree from University of Tennessee 1951.

Did Post-Graduate work University of Tennessee 1951-1952.

Mr. Wells has been employed by Gateway Engineering Company, Beneficial Standard Life Insurance Company, Combined Insurance Co., and at present is with Southern Mineral Development Co., Inc.

Mr. Wells has been in this area since October, 1955 and has done work at the Old Susie Mine, Buzzard Roost Mine and is at present contemplating work at several others. Both the named mines have produced a considerable amount of strategic mica under his supervision. He has gained considerable knowledge about mining, and is a reliable and respected man. He lists the following references:

Mr. C. E. Boone
Explosives Supply Co.
Spruce Pine, N.C.

Mr. Sam L. Phillips, Pres.
Domestic Mica Miners Assn.
Spruce Pine, N.C.

R. B. Phillips
Bakersville, N.C.

David Lawson
Spruce Pine, N.C.

H. M. Hall
Newdale, N.C.

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SEP - 7 1956

MINING LEASE

State of North Carolina Mitchell County:

This indenture made this 28th day of August, 1956, ~~19__~~,

between R. B. Phillips

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Southern Mineral Development Company, Inc.

of Montgomery County and State of ~~North Carolina~~ Tennessee, party of the second part and known as lessee.

WITNESSETH, That the party of the first part in consideration of One Dollar in hand received and hereby acknowledged by the lessor, and in consideration of the agreements hereinafter contained, on the part of the party of the second part to be performed, hereby bargains, leases and grants to the party of the second part, and his heirs and assigns, for the period of five years from the date of this agreement, the following described real property, for mining purposes, in the County and State first above written to wit:

Beginning at an iron stake at the center of what is known as the Billy Mine and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence West 250' to a point of closing. This property lying approximately 1½ miles West of Ledger, in Mitchell County, N.C.

TO HAVE AND TO HOLD the said lands to him, for mining purposes, the said lessee and his heirs and assigns for the aforesaid period of five years in compliance with the condition of this instrument, for the purpose and with the right to dig, quarry, search, explore for, obtain, and remove any kind of minerals, metals or fossils, and particularly mica, and to conduct the same to any extent the said party of the second part, the lessee, may desire. And it is hereby agreed between the parties to this agreement that the party of the second part is to have the use of any unoccupied buildings on said lands for mining purposes, and that he shall have the right to erect such buildings as he needs to carry on such mining operatins during the period of this lease, and that the party of the second part shall keep the same in as good condition as when received, unavoidable accidents excepted. And it is also agreed by the party of the second part that no unnecessary damage is to be done to the lands herein leased during the period of this lease and the continuance of said lease, but the said party of the second part shall have the right to take from said lands leased to the party of the second part any wood or timber the party of the second part may need to carry on said mining operations or which may be needed to carry on the addition to existing buildings or to erect new buildings or sheds on said lands. (Timber of high or special market value is excepted and shall not be used by the lessee.) And it is hereby agreed that the party of the second part, the lessee, is to have right-of-way of ingress and egress to said mines or land upon which exploration is being conducted.

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said party of the first part, or his or their heirs or assigns, a rental royalty of 1/8 (One-eighth)

on the minerals taken and sold from said mines which shall be for the use of the said lands for the aforesaid period of five years. The said amounts shall be payable on the computation of selling bills on the tenth day of each month covering sales made during the previous month. Any minerals other than those set forth above which may be taken and sold shall be paid for and at the usual royalty rate of the minerals taken.

AND IT IS FURTHER AGREED That the lessee, the party of the second part, his heirs or assigns, shall have the option to renew this lease and to extend the period of its running for an additional five years from the date of its present termination. The option shall be exercised by giving formal written notice to the party of the first part or by the continuation of any mining operations then being conducted. The lessor reserve the right to use the land, or convey the same not conflicting with this lease, but under any conveyance the terms of this lease must be recognized by the grantee, purchaser, or assigns thereof. And it is agreed that the lessee may assign this mining lease or any part thereof and that he may sublease.

AND IT IS FURTHER AGREED That the lessee, the party of the second part, his heirs or assigns, is hereby given an option to purchase all the right, title and interest, legal and equitable to and in the real estate described and set forth in this lease for a total purchase price of _____, said purchase price to be paid in full within three years from the date of this instrument and it is agreed that all rental royalties paid to the party of the first part shall apply toward and be a part of the total purchase price above set forth, and that at such time that the total purchase price is paid in the form of royalties or a lump sum payment or a combination of both, the party of the first part will execute a special warranty deed to the party of the second part and that a tender of the remaining purchase price at any time within the next three years shall entitle the party of the second part to specific performance of this option contract.

BUT IT IS EXPRESSLY AGREED That unless mineral or fossil material of practical value for mining purposes shall be found within a period of two years from the date of this instrument, the lease may be terminated by the lessee at any time thereafter on thirty days notice to the lessor. The lessee agrees that during the period of this lease or the continuance of this lease work in said mines or exploration for new mines within the area leased shall not cease longer than ninety days at any one time, unavoidable accidents excepted.

WITNESS our hands and seals the day and year first above written.

R B Phillips (Seal)

~~Witness:~~

Bill Dykins N. Public

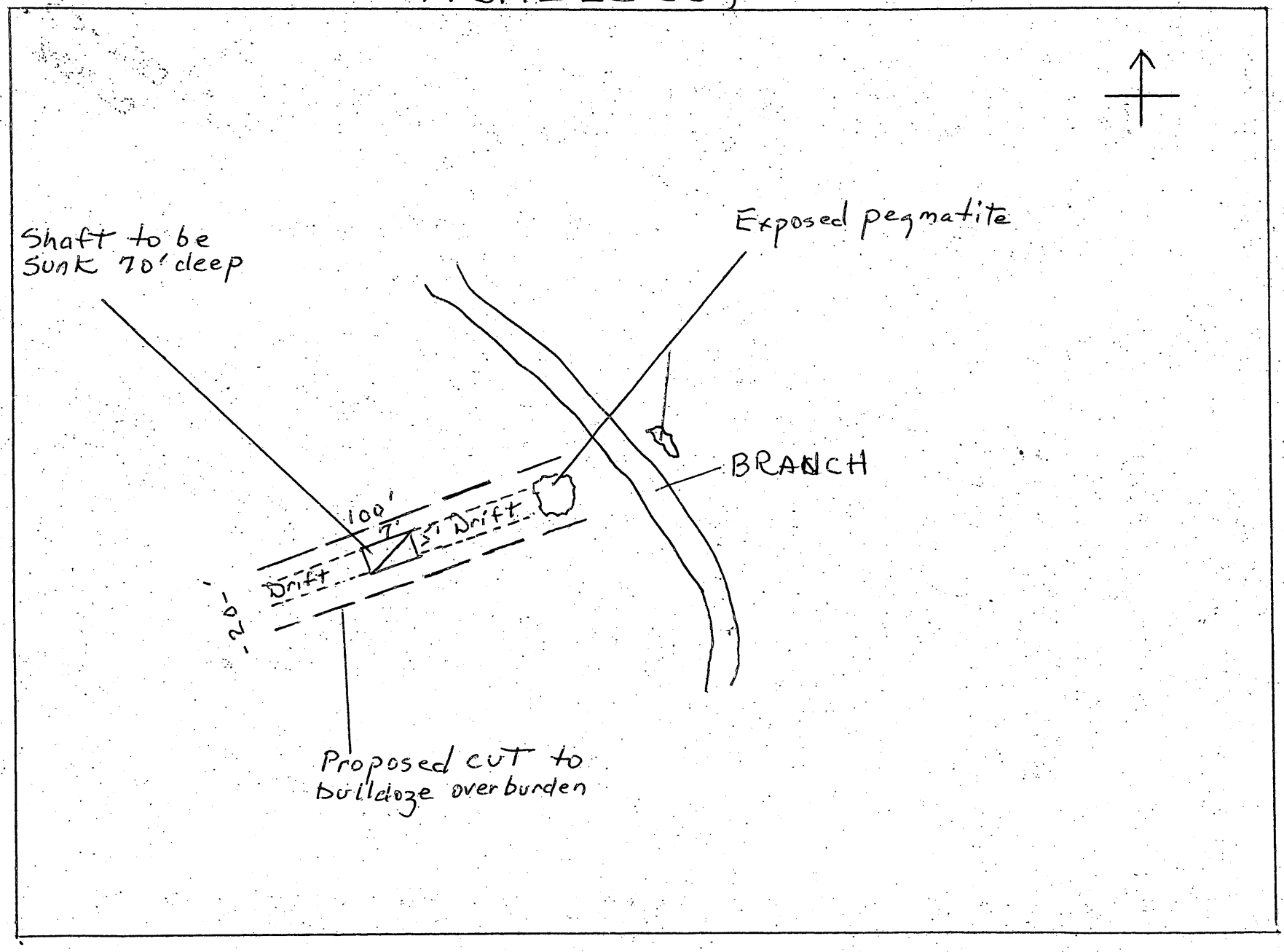
Southern Mineral Development Co. Inc. (Seal)
Arthur M. Wells, Sec'y-Treas.

(Seal)

I Bill Dykins N.P. do hereby Certify that R B Phillips & Arthur M Wells the Makers personally appeared before me and Acknowledged the due execution of this instrument

Witness my hand & Seal this 29th day of Aug - 1956
My Com Expires: 8-29-1957

BILLY MINE
MITCHELL CO., N.C.



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U. S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1/46)

1. Use blocks consecutively, one at
2. Void previous block.
3. Write clearly.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROO	
Mr. J. Cordell Moore Department of Interior Room 5140	RUN STOP 43		RUN STOP
Dr. Weiss BCWH Rm [illegible]	RUN STOP		RUN STOP
Mr. [illegible] [illegible]	RUN STOP		RUN STOP
Mr. [illegible] Rm 2651	RUN STOP		RUN STOP
Mr. [illegible] DMEA	RUN STOP		RUN STOP
	RUN STOP		RUN STOP
	RUN STOP		RUN STOP
	RUN STOP		RUN STOP
	RUN STOP		RUN STOP
	RUN STOP		RUN STOP

Send surplus envelopes to supply room for reissue.

Use other side

Use RUN and STOP only when messenger service between Government buildings in Washington is required.
Your mail room has RUN and STOP information.